INDUSTRIAL UNREST

A PRACTICAL SOLUTION

THE REPORT OF THE
UNIONIST SOCIAL REFORM COMMITTEE

BY J. W. HILLS, M.P.; PROF. W. J. ASHLEY;
AND MAURICE WOODS

WITH AN INTRODUCTION BY
THE RIGHT HON. F. E. SMITH, K.C., M.P.

LONDON
JOHN MURRAY, ALBEMARLE STREET, W.
1914

PREFACE

THE Chairman and Secretary of the Industrial Unrest Committee are responsible for the precise form in which this Report appears. The matter of the Report, however, is the work of the Committee on Industrial Unrest, and has been submitted in the usual course of procedure to the Unionist Social Reform Committee as a whole. Mr. Stanley Baldwin and Mr. Leslie Scott have acted as Chairmen of Sub-Committees on special subjects. The full Committee consisted of: Professor W. J. Ashley, Mr. Waldorf Astor, M.P., Mr. Stanley Baldwin, M.P., Mr. Montague Barlow, M.P., Mr. Charles Bathurst, M.P., Mr. Shirley Benn, M.P., Lord Henry Bentinck, M.P., Mr. J. W. Hills, M.P. (Chairman), Mr. Harold Hodge, Mr. P. Lloyd Greame, Mr. G. Locker-Lampson, M.P., Mr. L. T. Maunder, Mr. Leslie Scott, K.C., M.P., Sir Mark Sykes, Bart., M.P., Lord Alexander Thynne, M.P., Mr. Christopher Turnor, and Mr. Maurice Woods as Secretary.

The Committee is, in addition, particularly indebted to Professor Ashley, without whose continued assistance, both in discussion and in writing, the Report would never have reached its present form and shape, and we have therefore obtained his permission to add his name as joint-author.

There has been an unpardonable delay in the publication of the Report of a Committee which has now been sitting for nearly two years. The only excuse is that we have been watching with close attention the

development of industrial and political affairs during that period, that with increasing knowledge we have modified our views, and that we believe it better to be right in the long run than wrong in the short one.

J. W. HILLS,
Chairman.
MAURICE WOODS,
Secretary.

INTRODUCTION

By the RIGHT HON. F. E. SMITH

The problem of industrial unrest occupies more and more in every succeeding decade the attention of the people of this country. The troubles of 1911, 1912, and 1913, are now seen to have been no isolated outbreak, but a particularly violent explosion of forces, which may at any moment discharge themselves again. This fact is brought home to us every month by sectional strikes which show a tendency to spread, or by the threats of general strikes to be embarked upon in the summer or autumn. The community as a whole has to make up its mind on the problem, a thing best done in quiet times, and to determine the spirit in which it will approach the difficulty, and decide on the remedies by which the evil may be exorcised or cured. The case is not a simple one, and no single panacea is sufficient to meet every industrial trouble. The Report of the Unionist Social Reform Committee can be commended precisely on this ground. It recognizes the variety of conditions and the multiplicity of details and endeavours to fit its scheme to meet the cases instead of forcing the cases into a bed of Procrustes in order to meet a pre-ordained theory. In this course of procedure it is following the precedents of previous reports on Poor Law, Education, and Housing. The duty of Conservatism has been and always is to produce practical solutions which can be carried into effect to-morrow, and not ideal conceptions which have no relation to political or industrial reality. The report therefore is eminently practical, as the names of its authors and backers would alone prove. Mr. Hills,

Professor Ashley, Mr. Astor, Mr. Stanley Baldwin, Mr. Leslie Scott, and their associates do not speak without their book, and are not authorities who can be disregarded in the world of industrial economy. Indeed, if I had any criticism to make of this report it would be that it is almost too sane, and too nearly allied to ideas which are immediately practicable to attract the support of the stern enthusiast of any school or party. There is a reason for this. The Sub-Committee was appointed as a result of the grave industrial crisis of 1911 and 1912, when the Railway Strike and the Coal Strike appeared to threaten the basis of our civic existence. The feeling of self-preservation innate in any community was then aroused by an imminent danger. Many of us thought that some drastic system of compulsory arbitration at least in the necessary services was the only method of salvation, and had the Sub-Committee issued its report in 1912 it would possibly have made some such recommendation. Time, however, has brought both reflection and experience to all parties in the industrial struggle. Syndicalism has proved as complete a failure in the hands of Mr. Larkin and his friends as it was in the hands of Mr. Owen eighty years ago, and Trade Unionism has refused to recognize it. Compulsory arbitration as a cure for industrial difficulties has been admitted by the Committee to be no real and practical way of dealing with industrial disputes under existing conditions and in the present state of public opinion. If the Labour world is therefore no longer under the influence of irrational passion, the Conservative Party is no longer labouring under the stress of exaggerated panic. The saner Trade Unionism and the wiser Conservatism are not very far apart, and this report, matured by nearly two years of experience and reflection, ought to bridge the gulf between the two schools of thought. Why, indeed, should there be any opposition? The Conservative Party is the parent of Trade Unionism, just as it is the author of the Factory Acts. At every stage in the history of the nineteenth century it is to

Toryism that Trade Unionism has looked for help and support against the oppressions of the Manchester school of Liberalism, which cared nothing for the interests of the State, and regarded men as brute beasts whose labour could be bought and sold at the cheapest price irrespective of all other considerations. The view of modern as of ancient Toryism is that the interests of the State and of the community must at all costs be safeguarded, but that the interests of the worker must not be sacrificed in the process, for the worker is an integral portion of the State.

I apprehend that this is the spirit of the Committee's Report. It gives a fuller recognition of the rights of the community to exercise, through the pressure of public opinion, its power of bringing employer and employee to a rational frame of mind. At the same time it recognizes that an agreed wage of an adequate character ought also to be made the avowed and explicit object of modern statesmanship. We are, in fact, to have consent and not force and revolution in adjusting the interests of the employers and the employed to suit the convenience of the community as a whole. This surely is the doctrine of a wise conservatism, and while the lesson of 1911, 1912, and 1913 is still in our minds and before the panics of the future, which may await us, can supervene to disturb judgment, it will be better to take a calm decision and support the recommendations of the Committee.

It is no part of my duty, as the writer of an introduction, to discuss those recommendations in detail. They appear to me, as I have suggested already, to have been beaten out like fine gold under a hammer until they fit all the existing conditions of our industrial life, as armour fits the living body. They represent, therefore, less a proposal than a Bill, and Bills are, or ought to be, subject to modification. But it is precisely in this particular respect that these proposals are most conservative. Conservatism bases itself on the facts of existence, and on the history of the past; it seizes on present opportunities and improves on them; it studies the conditions of the people as a fact

and not as a theory, and possesses in consequence both practicality and idealism. If this Report possesses, as I think it does, both these qualities, it will not be unworthy of the attention both of the Conservative Party and of the British nation.

F. E. SMITH.

INDUSTRIAL UNREST

CRITICISM

THE reasons which led the Unionist Social Reform Committee to undertake an investigation of Industrial Unrest are not far to seek. The last few years have been marked by widespread and deep-seated labour disturbances in the United Kingdom, nor does the particular trouble show any sign of coming to an end. These disturbances have borne a different character from those of the preceding period, for they have not been in the main struggles simply between organized labour on the one side and employers on the other. They have been uprisings of labour, organized and unorganized alike, not so much against particular employers as against the prevailing conditions of life. They have aimed at so disturbing the community in general as to secure the coercion of employers by the pressure of public alarm. And they have been accompanied, and in part caused, by a new feeling both of sympathy and of community of interest between the various sections and grades of the working population.

But while facts like these may properly cause disquietude, other conditions are fortunately present which encourage us to take a more hopeful view of the situation. Recent disturbances of labour conditions have been largely associated with what is generally known as Syndicalism. This movement in all its various forms and branches, both on the Continent and in England, aims in effect at bringing about a sympathetic strike which obviously may become a general one even where the cause of dispute is a small one and confined to a

particular industry. There is, however, nothing very new in this method of attempting to bring society as a whole to its knees by a combination of workers. The Owenite movement, with its Trade Union of all industries, which from 1825 right up to 1834 occupied, in spite of its many failures, the predominant position in the labour world and in the public mind, was nothing but a crude attempt anticipating by eighty years the modern Syndicalist programme. In spite of the excellence of its ideals it collapsed, as all such movements must collapse, by the faulty character of its economic calculations. It was constantly found by Robert Owen (1) that it was impossible to limit the area or control the operation of the sympathetic strike, as has been found to-day by the Labour leaders; and (2) that anything like a general national stoppage places Trade Unionism in an impossible financial position. This fact was brought out very prominently in the Coal Strike of 1911, which for special reasons connected with the industry came nearer to being a successful general strike than any of its predecessors. Industry was checked throughout the country, and the funds of the great Trade Unions were in consequence enormously depleted in the effort to sustain members thrown out of work. Now society can never be overcome by the weapon of a general strike, because society obviously has more financial resources to fall back on than those elements in it which are commonly known as the working classes. The collapse of social organization falls with greatest effect first on the poorer elements of the community, and in consequence a general strike must fail because the poorest members of the community will naturally be starved out first. This truth was recognized in the early 'twenties and 'thirties by the few great Trade Unions of skilled workers, like the Engineers', which then existed, and these bodies held themselves steadily aloof from the Owenite movement just as the big Trade Unions of to-day, either in the Dublin strike or in the greater part of England during the disturbance in South Wales, have kept themselves apart from the Syndicalist movement.

These great bodies of skilled artisans have always seen (1) that in their own interests it is essential for them to keep a large campaign fund in hand to enable them to strike if necessary for an improvement in their pay and working conditions; and (2) that they can better support a sectional strike in another industry by staying at work and turning a portion of their wages, in subscriptions, over to their friends who have come out for better conditions. In pointing out, then, that it is possible for us to take a hopeful view of the industrial situation, we are fortified by the examples and history of the past, and by the utter failure of the Syndicalism of the earlier nineteenth century to bring about an industrial revolution, or even to convince the intelligent members of the old-established Trade Unions. A precisely similar influence is at work to-day, and the results of the Coal Strike were undoubtedly one of the main reasons which prevented the long-headed secretaries of the great Unions in Dublin and England from proclaiming a general strike even under the pressure brought to bear upon them by Mr. Larkin's "fiery cross" crusade.

There has been, in addition, undoubtedly a great change in the attitude of almost all thoughtful observers with regard to the relations between the individual and the State. We have in this country now outlived that curious philosophic conception of the relations between the State and the individual which finds its origin in Rousseau, and its most powerful exponents on this side of the Channel in Bentham, the two Mills, Herbert Spencer, and Cobden. This Liberal school of ideas was of opinion, in the first place, that the duty of the State was limited to the action of the policeman. Society, in other words, was in industrial disputes, as in other matters, bound to do nothing but to keep the ring and let the strongest party win, so long as there was no public disturbance. As long as the organization of industry and society was not of a highly complex character, such a view might be so far tenable as that its application would not produce a complete breakdown of the functions of

government and of the means of subsistence of the nation. Recent events have, however, taught the community that under the complex conditions of modern life and industry, the community itself is one of the most interested parties in differences between employers and men. It is, then, no longer possible for the consumer, as representing the State, to remain indifferent. He is in his own interests bound to intervene, and to intervene as effectively and drastically as industrial conditions will permit.

In the second place, the old Cobdenite and *laissez faire* view that the conditions of wages, health, housing, and labour among the vast majority of the population of this country was the concern of private individuals and of private contract has long since been abandoned. The Conservative Party from 1802 to 1906 never accepted this particular principle and constantly legislated against it, while since that date Radicalism itself has thrown over its chosen prophets, and has embarked on a course of policy completely at variance with the doctrines of philosophic Liberalism. Conservatism, therefore, possesses in matters of industrial legislation one enormous advantage. Its future legislation in these matters will be in consonance with its historic past, while its opponents, so long as they adhere to Free Trade, will have to confess themselves as unwilling converts over two-thirds of the field of industry, while on the remaining fiscal third they will be compelled to admit that they dare not apply their principles. The spread of the views of modern economists has justified the intellectual standpoint of the Conservative Party, and few economists now believe that bad wages spell good work or cheap and efficient production. The practical experience of most modern employers reinforces the view of the economists, and cheap labour is no longer regarded as an essential to cheap production.

Our object is to find some practical means of promoting industrial peace, while at the same time promoting national well-being. Without examining in detail the industrial development of the last few years, it is sufficient

for our purpose to point out certain general tendencies which, though obvious to anyone looking below the surface, are sometimes disregarded, and to endeavour to see the conclusion to which their existence compels us. In order to do this it will clear the ground if we state certain propositions in a dogmatic form.

It is incontestably the right and duty of statesmanship to supervise and control the conditions of employment in the interests of the State as a whole. Secondly, it is the right and duty of statesmanship to intervene between employer and employed in the case of industrial dispute to protect the interests of the community, and especially those of its weaker members, who, though not themselves directly involved in the dispute, are the heaviest sufferers by it. Thirdly, we accept in principle what is known as the "minimum wage." We mean by saying this that it is the duty of statesmanship to work consciously and as rapidly as possible towards that end; we do not mean that we recognize any right whatever on the part of any particular individual to be provided immediately with such a wage without regard to the interests of other work-people or of the community in general, or of the strain which industry can bear; nor, of course, do we support the fantastic suggestion to give everyone thirty shillings a week by Act of Parliament. And, fourthly, it follows from the above that we consider it necessary that employers should frankly abandon the principle of buying labour in the cheapest market, in the supposed interest either of the consumer or of the taxpayer, without regard to that of the producer. Finally, we consider that any system of industrial legislation and wage regulation ought to apply to industry as a whole, and that no fundamental distinction of treatment can with advantage be drawn between what are commonly known as public utility services and ordinary industry. In the course of time the principles and methods which are valid in one case will prove valid in the other, while the difficulties of defining a public utility service will set a trap for the feet of the unwary legislator. But

since the regulation of wages will certainly, and legislation for avoiding strikes will probably, only be accomplished by the slow process of time and in the light of experimental effort, what we may roughly call the public utility services must have the first claim on public attention. In the first place, they are services untouched by foreign competition, and for this reason they present far less difficulties to the setting up of a minimum standard of wage for those employed in them. In the second place, they are largely services which must be carried on if the State is not to collapse altogether. This latter fact in itself must so depress the chances of a successful strike by the employees that it leaves it incumbent on the Legislature to make immediate provision for the interests of workers, whose main weapon of defence the State is bound to shatter. For these reasons we should advocate the first application of the minimum wage to services such as we have mentioned—with the idea of being able to extend it later on to the whole field of industry.

The Elizabethan Code, which in the matter of wages dates from 1563, and was put into practice as a matter of course well into the eighteenth century, and on occasion as late as 1756, allowed to local Justices the power of fixing wages and conditions of labour, and both the Crown and Parliament constantly intervened when petitioned to redress a grievance or settle a dispute. When the industrial revolution and the abandonment of State protection for the workers had reduced the poorer classes to a state of intolerable distress, it was the Tory Party which came to the rescue with the principles of State regulation of industry, and of giving to combinations of workmen the power to attempt to raise wages by the method of collective bargaining. This reassertion of the old ideas put forward by Robert Southey and William Wordsworth was carried out tentatively in the sphere of legislative practice by Peel, Huskinson, and Lord Liverpool during the long Tory tenure of power from 1807 to 1830, and in the continuance of their efforts

our Factory Code owes its existence to the powerful advocacy of those great Tories, Michael Sadler, Richard Oastler, Lord Shaftesbury, and Benjamin Disraeli from 1830 till the final passage of the Ten Hours Bill in 1847 and the Normal Day Bill in 1853. At a time when triumphant Liberalism boasted of being the party of enlightened selfishness—though there was indeed more selfishness than enlightenment about the creed of Cobden—Disraeli in successive Tory Governments held up the standard of social legislation in industrial matters. In 1859 he further extended the liberty of combination; in 1867 he equalized the position of employers and employed before the law; whilst in the same year he made the first attempt to set up a system of Conciliation Boards. This last process was carried further by the Conservative Government of 1896. Nor were the people unaware of the view of the Tory Party and its chief. We have it on the evidence of Mr. Sidney Webb, an unimpeachable witness from our standpoint, that the Liberal reverse of 1874 was largely due to disgust of the working-class voters Mr. Disraeli had done so much to enfranchise in 1867 against Mr. Gladstone's indifference to social problems, and to their belief that they would obtain more sympathetic treatment from the other side. Their confidence was amply justified by Lord Cross's Act of 1875, which has been well described as the "Charter of Trade Unionism." Nor did the activity of Conservatism in this sphere cease with Disraeli's death. On the contrary, Lord Salisbury and Mr. Chamberlain carried, in the seventeen years in which they held office between 1886 and 1906, a great variety of measures dealing with industrial questions. They extended and consolidated the Factory Acts, the Mines Acts, and the Truck Acts, in all directions, while Mr. Chamberlain's Workman's Compensation Act of 1897, an Act which first gave effective recognition to the principle that the risks of manufacture are to be reckoned among the costs of production, and to be a first charge on the industry, is among the most successful and beneficent of recent social

reforms. With these facts before us we cannot but come to the conclusion that the sphere of industrial legislation is the natural field of Conservatism, and that it is in a position to deal with these problems more successfully, sympathetically, and firmly than Radicalism ever has been or ever will be.

1. The Promotion of Industrial Peace.

From the point of view of the community, industrial peace is the highest national interest. This statement, of course, is subject to the qualification that such peace is not bought at too high a price. Peace in industry, as in external affairs, can be bought too dear. It would be bought too dear if the price paid were either the cramping of our productive capacity or the enslavement of our working population; but, subject to these conditions, which will be admitted by everyone, the advantages of industrial peace are too obvious to require statement. How is it to be secured?

Many methods have been suggested. At one time it was hoped that collective bargaining when fully developed would effect this object by covering the whole industrial world with a network of agreements which would of themselves make strikes impossible; but experience has shown that in spite of the extension of collective bargaining, labour disputes arise of unexampled extent and gravity. Bargaining cannot abolish strikes and lock-outs any more than diplomacy can abolish war. This is no argument against negotiation, whether international or industrial; and it will be seen later that we propose to extend and facilitate corporate action, but it can be conclusively proved that no absolute reliance can be placed on its unaided operation.

It is believed by some that a system of interesting workers directly in the profits of the particular concern by which they are employed will secure industrial peace. But unfortunately further consideration will show that this is not invariably the case. We do not underrate the significance and sincerity of the profit-sharing movement,

but it will not of itself bring peace. Let us take a concrete case, and assume that a railway company agrees with its employees that a fixed minimum wage shall be paid, that the dividend on the company's ordinary stock shall be fixed at, say, 4 per cent., and that any additional profits shall be divided equally between the shareholders and the men. What is to prevent either party from seeking to tear up the bargain? The men may in the future say that the cost of living has increased to such an extent that the base wage is too low, or their share of additional profits too small; the shareholders may think, on the contrary, that the arrangement starves the service by preventing it from obtaining the necessary fresh capital. It is highly probable, moreover, that other differences of opinion will arise; for instance, as to the proper calculation of the profits available for division, or as to the remuneration of management. Profit-sharing in itself affords no solution of these differences. It is only one of many methods of apportioning profits between Capital, Management, and Labour; it never can prevent any of the parties from disputing the justice of the several quotas.

There are further objections to it merely as a method of distribution. To make the income of working people depend to any large extent on the fluctuating fortunes of their particular employer is to add gravely to the uncertainty of their lives.

The same observations apply with added force to the more recent form of profit-sharing known as "co-partnership"—the arrangement by which the whole or part of the worker's share of profit is invested in the capital of the undertaking to which they are attached. It is by no means all undertakings that constitute suitable investments for the workers' savings; nor all undertakings that can easily make use of a constant stream of fresh capital; and in any case it is difficult in practice to combine such investment with perfect freedom on the part of the workers to change their employment.

It is far from our intention to disparage profit-sharing or the public spirit and enterprise of those employers who

have introduced it. We are well aware of successful instances of its operation, and of the hopeful future before it in certain directions. Its general introduction in the gas industry indicates that it is most likely to meet with success where the concern involved enjoys something of a monopoly, where profits are restricted by statute and made to depend upon the charges to the consumer, and where the labour is relatively unskilled. But this is to say that it is unlikely to furnish a remedy for unrest over the larger field of competitive industry.

A real co-partnership in the proceeds of industry is no doubt the ideal before all serious social thinkers. But the dominant tendencies of the time seem to be clearly away from the realization of this ideal in the narrow field of the separate industrial concern. It must be reached, if reached at all, through some wider grouping of the employers and employed involved in the industry.

Hitherto we have dealt with suggestions for preventing disputes from occurring; arbitration, compulsory or otherwise, only comes into play when a dispute exists or is threatened. It is a method of cure, while the others are methods of prevention.

By compulsory arbitration is generally meant an arbitration which the State insists should be held, and the decision of which the State enforces.

The argument for stopping disputes by compulsion is this: Certain services, such as the railways or the coal mines, are so necessary that the State cannot allow their stoppage. In the last resort it should possess the right to compel work to continue in the interest of the community. At the same time it is not right that either masters or men should work under impossible conditions, and therefore the dispute is referred to an impartial tribunal, having the confidence of both sides. Both parties are to be compelled to keep the work going whilst the tribunal is sitting, and to accept its decision when pronounced. There is no serious suggestion to extend compulsory arbitration beyond the "public utility" services.

It is a preliminary objection to compulsion that the

feeling of the Labour world—as instanced at the Trade Union Congress of 1912, when a very tentative proposal in this direction was rejected by an overwhelming vote of five to one—is undoubtedly hostile. This fact might conceivably be disregarded if compulsory arbitration could possibly be enforced—but that is not the case—and the objection to all such schemes is that you cannot carry them into practical effect. No doubt if an employer refuses to obey the arbitrator's award, you can fine or imprison him; but you cannot fine or imprison large bodies of work-people: the thing breaks down. This is generally admitted. But it is said that though punishing individuals is impossible, you can penalize them through their Trade Unions; you can make their funds liable in damage. But first of all, only one man in six belongs to a Union; and then men may strike, and as we have frequently seen, do strike, against the orders and without the support of their Union, and yet the Union would be penalized; and lastly, the politician who sets out to carry so drastic a repeal of the Trade Disputes Act would find popular support difficult to obtain. Altogether it is impossible to make the men responsible, and impracticable to make the Unions responsible—and this is the rock on which compulsion splits.

The Committee have not arrived at this conclusion without careful study of the Australian precedents. The conditions in England and in Australia are not, of course, precisely the same, but they bear a sufficient resemblance to one another to make the working of compulsory arbitration in the one case of no small value in drawing conclusions in the other. It will be simplest to take the case of New South Wales, where the principle of compulsory arbitration has been applied in the clearest and most drastic manner. The Industrial Court, under the Act of 1901, or the Arbitration Courts to which, under later Acts, it delegates its functions while still retaining the right of appeal, possess the most complete powers of compulsion. The Court can interfere without any application of either interested party, can appoint its own

Board of Arbitration if either or both parties refuse to nominate members, or by pecuniary fine or actual imprisonment can enforce the award of the Court.

The Wise Act, which was in operation from 1901 to 1908, attempted to employ the sanction for the awards of the Court by the method of the pecuniary fine, which could be levied, not by the Court itself, but by its giving leave to either party in the dispute to prosecute the other for the damages awarded in the ordinary Courts of Law. Mr. Wise, however, was clearly aware of the difficulty which has just been mentioned—namely, that of applying pecuniary penalties to an industry which is not highly organized, and in which the bulk of the men are outside the Unions. He, therefore, inserted a clause by which the masters were compelled to give a preference to the employment of Trade Unionists, his idea clearly being to lure, in the long run, all workers into Trade Unions, and so secure that a fine levied on the Union would be a just one, and would represent a penalty on all workers striking in defiance of an Order of the Court. It was thus hoped to avoid the difficulty referred to—namely, that the employer alone can be fined with success and certainty, so that nothing is achieved except a system of "unilateral compulsion." The Wise Act enjoyed a somewhat stormy life, but cannot be written down as an utter failure. It lapsed automatically in 1908, when Mr. Wade introduced a far more drastic measure, which made it possible to imprison recalcitrant parties in default of the fines being paid, and in some cases to imprison them without giving them the option of a pecuniary penalty. It is not too much to say that this Act and the amending Act of 1909 have proved complete failures. Its main clauses are as follows:

1. If any person does any act or thing in the nature of a lock-out or strike, or takes part in a lock-out or strike, or suspends or discontinues employment or work in any industry, he shall be liable to a penalty not exceeding one thousand pounds, or in default to imprisonment not exceeding two months.

2. If any person instigates or aids in any of the above-mentioned acts he shall be liable to imprisonment for a period of twelve months.

3. Where any person convicted of an offence against the provisions of Section 42 (Combination in Restraint of Trade) was, at the time of his committing such offence, a member of a Trade or Industrial Union, the Industrial Court may order the Trustees of the Trade Union, or of a branch thereof, or may order the Industrial Union to pay out of the funds of the Union or branch any amount not exceeding £20 of the penalty imposed.

59. The Board or the Industrial Court may at any time after the conclusion of the evidence, and before or after the making of an award, require from any person or Union making application to the Board or the Court in respect of any dispute security to its satisfaction for the performance of the award. . . .

These clauses spell, then, compulsory arbitration and a statutory rate of wages which can be enforced either by fine or imprisonment, while the Trade Union funds and the Employers' Federations are both made liable for the action of their members up to a certain point. It will be observed in passing that, as nothing in the nature of the Trades Disputes Act exists in New South Wales, Australian statesmen have not the initial difficulty which confronts industrial reformers here of having to amend that Act before they can make a Trade Union in any sense pecuniarily responsible for the acts of its members.

Still, the general results of all these enactments is disappointing to the advocates of compulsory arbitration. During the seven years in which the Wise Act was enforced there were 186 strikes, and in thirteen cases the law was openly set at naught by the strikers. Mr. Ernest Aves, in his well-known and impartial Report, states that "in two cases only, although leave to prosecute has been much more often granted by the Court, have prosecutions been instituted. There has been one conviction followed by the imposition of a fine."

The real moral appears to be that in an enormous number of cases the awards and decisions of the Court,

backed by public opinion, have succeeded in bringing both parties to reason and to a fair compromise, but that when it has become necessary to put the law into operation it has broken down in a manner which can only be described as ludicrous. Public opinion, in fact, would not support its rigid enforcement. If this was true of the Wise Act it has proved even more true of that passed by Mr. Wade, who abolished the inducement to employees to join the Unions, and relied on a more stringent system of fines and imprisonment. The attempt has proved quite futile, and we are even faced with the absurd fact that employers actually paid the fines of their own strikers to prevent the labour leaders getting the advertisement of a cheap martyrdom, and so encouraging the rest of the men to prolong the contest. The whole position has been summed up with great fair-mindedness by Mr. Justice Heydon, President of the Arbitration Court, who obviously speaks with authority and experience:

There is a good deal of confusion of thought in the public mind as to the objects to be obtained by the introduction of compulsory arbitration in industrial matters. . . . Properly speaking, however, the objects aimed at are—(1) the prevention of sweating, and (2) the prevention of limitation of strikes and lock-outs. . . .

The second object of compulsory industrial arbitration is much more difficult of attainment. To forbid strikes, and compel industrial disputants to come to a Court, and to clothe that Court with power to regulate, by a compulsory decree, the conditions that prevail in every industry in which the parties are unable to agree of themselves, is to intrude into a totally different sphere. If there are weak classes likely to be imposed upon, and, in the ordinary sense of the term, sweated, and to whom it is in the highest degree just that a fair living wage should be awarded, there are also strong Unions able, without the assistance of any tribunal, to win for themselves terms which rise as far above a fair living wage as those of the sweated classes fall below it. To take away from those men the weapon of the strike, and to impose upon them the compulsion of a peaceful award, is to enter at once upon difficulties of the gravest character.

The argument in this matter, then, is not that the Australian precedent, or indeed any precedent outside these Islands, can give a conclusive proof that compulsory arbitration is impossible, but simply that the experiment when and where made reinforces the views which the Committee after mature reflection have adopted as a result of their observations of the tendencies of industrial disturbance and of public opinion in this country. In a word, compulsory arbitration can only be attempted if the difficulties suggested by experience can be eliminated and if a further stride in advance is made by the opinion of the community as a whole.

There is one further suggestion to consider. It is sometimes said that arbitration could be enforced by a system of forfeits, both the Union and the employer being compelled to make pecuniary deposits which would be forfeited in the event of strike or lock-out. This suggestion receives some support from the fact that a system of this kind is working in the Leicester boot trade, and that some of the men's leaders in the Transport Workers' strike in London offered to submit to it.

The difficulty of this method is that in a large number of the most difficult cases industry is not sufficiently well organized to make it effective in practice. None the less as the organization both of masters and men becomes more complete the plan becomes more feasible, and is likely in the future to deserve more attention as a means of enforcing agreements.

OUR PROPOSALS

It remains to consider, however, whether more use might not advantageously be made of a form of arbitration procedure which, without being compulsory, shall yet be of wider application and carry with it more authority than the limited practice of voluntary arbitration at present in operation. Under the statute now in force, the Conciliation (Trade Disputes) Act of 1896, the

Board of Trade has the power to appoint an Arbitrator on the application of *both* parties to an industrial dispute. By administrative action of the Board of Trade in 1908 (without fresh statutory authority), regulations were issued by which, instead of a single Arbitrator, the two parties can apply for the appointment of a Court of Arbitration, consisting of three or four members. Moreover, under the rules of many of the existing voluntary Conciliation Boards, the Board of Trade is called upon by such Conciliation Boards from time to time to appoint Umpires. In all such cases, the joint applications are made by organized bodies of employers and employed: the very application implies a readiness to abide by the decision for an agreed period; the existence of strong organizations on both sides usually renders it easy to enforce the decision; and there is, as a fact, usually little difficulty in securing the observance of the Award. There has been in many trades an encouraging development of a spirit of conciliation; and the assistance of the Board of Trade is now frequently invoked, with satisfactory results. But it is notorious that the machinery of the present Act has proved altogether inapplicable in most of the more widespread of recent labour troubles. For reasons into which it is not necessary to enter, the parties to such disputes have shown no readiness to agree upon arbitration. The Board of Trade has therefore been compelled, in such cases, to fall back on its vaguer power under the Act to "take such steps as it may deem expedient for the purpose of enabling the parties to meet together . . . with a view to the amicable settlement of the difference"—a power which, it need hardly be said, has failed to be efficacious in some of the gravest of emergencies.

The Dominion of Canada is now experimenting with a form of arbitration which is compulsory only in its early stages; and this has met with so large a measure of success that the example is worthy of careful attention. By the Industrial Disputes Investigation Act of Canada, 1907, better known as the Lemieux Act, certain occupa-

tions were classified together as "services of public utility" or "public service utilities." The classification is contained in the interpretation of "employer," which runs as follows: "*Employer* means any person, company or corporation employing ten or more persons and owning or operating any mining property, agency of transportation or communication, or public service utility, including, except as hereinafter provided, railways, whether operated by steam, electricity, or other motive power, steamships, telegraphs and telephone lines, gas, electric light, water and power works." In all these industries a strike or lock-out is made unlawful prior to, or pending, reference to a Board of Conciliation and Investigation, to be constituted by the Minister of Labour in accordance with the Act; and any such strike or lock-out may be punished by substantial fines. The Board endeavours to effect a settlement. If it fails it makes "a full Report" to the Minister, "which Report shall set forth . . . all the facts and circumstances, and its findings therefrom, including the cause of the dispute and the Board's recommendation for the settlement of the dispute according to the merits and substantial justice of the case." But this recommendation carries with it no legal compulsion; it depends for its efficacy entirely upon the support it may receive from public opinion; and, as soon as it has been presented, the parties are set free, if they so choose, to go on with the threatened strike or lock-out. At any subsequent time also they may take the recommendation as a basis for voluntary negotiation. The advantages of the system are that the parties are brought together where often they have not met before, the quarrel is investigated and a report made by a skilled and impartial tribunal, and delay is enforced during which time is allowed for tempers to cool and calmer feelings get their chance.

The Act has been remarkably successful. But this success has been due to the explicit and frank appeal which it makes to the good sense of both the parties immediately concerned, and of the general public which

is so vitally interested in industrial peace; and not to the preliminary legal restriction upon the right to strike. It is unnecessary to consider how far the State is justified in demanding under penalties the continuance of fundamentally important services until judgment can be secured on questions at issue from a State-created tribunal. It is sufficient to say that the penal clauses cannot possibly be enforced even in Canada against considerable bodies of men. Even there the threat of penalties has not prevented illegal strikes (*i.e.*, strikes begun before or pending investigation). Between March, 1907, and December, 1911, though the Boards were able to effect no fewer than eighty-four settlements without strikes, and there were only nine strikes after the Boards had reported, there were eleven illegal strikes, some of them of some magnitude, and one in 1911 in which as many as 6,000 miners took part. The Government does not, it must be observed, itself undertake, under the Act, to exact the statutory penalties, as under the Wise Act. This it leaves to the parties immediately concerned. But it is very evident that any attempt on the part of employers to take action, even if it could be expected actually to secure the payment of the penalties incurred—and this, of course, is highly improbable—would increase the already existing ill-feeling and make conciliation more difficult in subsequent disputes. The attempt to render Trade Union officials responsible must have equally mischievous results. From the evidence collected by the most competent inquirers, such as Dr. Victor Clark on behalf of the United States Department of Commerce and Labor in 1908 and in 1910 (Bulletin 76 and 86 of the United States Bureau of Labor), and in 1912 by Sir George Askwith on behalf of the British Board of Trade (Cd. 6603, 1913), it seems clear that the penal clauses have thrown unnecessary difficulties in the way of industrial peace by creating a strong feeling of resentment in large sections of the working population by the mere threat of their enforcement, and that, in fact, the violation of the law has passed unpunished. We are convinced that this would be

equally the case in this country. The prohibition of striking, even for the shortest possible period, would be looked upon, whether justly or not, as imposing a handicap upon the workers by depriving them of the advantages of sudden and rapid action. This feeling would create an opposition to the Act such as would be practically insuperable. With the omission of the penal clauses, however, we are of opinion that legislation is now desirable in this country on the general lines of the Canadian Act. We see no sufficient reason why the English Act should be restricted to "public utility services." The line between these and other occupations is one which cannot be drawn with precision; and, were such classification attempted, it might easily happen that the public interests were gravely threatened by the suspension of labour in an occupation which fell outside the circle thus drawn. We would make the Act include all disputes of any considerable magnitude. And we would guard against one real defect in the Canadian Act, and make each Board the authority (within a reasonable period) for the interpretation of its own recommendations, should any dispute arise as to the meaning of the terms.

Therefore the scheme suggested for this country would be somewhat as follows:

In the first place, a Labour Department of the Board of Trade would be constituted. At the present moment the functions of the Board of Trade in industrial matters are divided into three sections, all independent of one another:

1. The work of the Industrial Commissioner in settling disputes.
2. Unemployment Insurance and Labour Exchanges.
3. Statistical.

In future all these functions ought to be co-ordinated and placed in a single Labour Department of the Board of Trade under the Industrial Commissioner, who in turn will be responsible to the President of the Board of Trade. In the event of a strike occurring, which, in the judgment of the Chief Industrial Commissioner, is

of sufficient importance, he will be given statutory authority by Parliament to interfere, and to appoint, without reference to the President of the Board of Trade, a Board of Conciliation and Investigation. This Board shall consist of three members, one appointed on the recommendation of the employers, one on that of the employed, and a third chosen as chairman by the other two; or, if the two parties fail to agree, by the Chief Industrial Commissioner, who shall, of course, in this event, have power to act in this special capacity as chairman. This Board would have power to summon witnesses, and it would be its duty to endeavour to bring about an agreement by conciliation, and, if this failed, to make a public recommendation for the settlement of the dispute. Special pains should be taken by extensive publication in the Press and otherwise to give the recommendation the widest publicity. The recommendation would not be enforced on either party, but its acceptance would be left to depend entirely upon the good sense of the parties concerned, and upon the pressure of public opinion. The Board, in the case of a dispute arising as to the meaning of its award, would be the authority to interpret it.

This special machinery must be fitted into the case where there is already existing a voluntary Wages Board. Should such Board be superseded by the special Board? or should the voluntary Board be given the first chance of settling the dispute? The question is of some importance in view of the extensive existence of voluntary Boards, especially in the highly organized trades, and requires some consideration. Probably the best course is to allow the existing machinery the first opportunity of settling the dispute, and only to call in the special Board in the event of failure. Experience has shown that the voluntary Board cannot be relied on altogether even where it exists, for in some cases the Boards are without a chairman or umpire who can give a casting vote; and it is on the weight attached by the public to the published opinion of an impartial chairman that the

acceptance of his recommendation depends. As in the case of the Canadian Act, our object is to give a formal and effective recognition to the position which the public, as a third party, occupies in any Labour dispute. In reality the duties of the new Boards will be of a threefold character. In the first place, they will bring balanced and unprejudiced minds into the superheated and suspicious atmosphere of a trade dispute. Secondly, they will make, on behalf of the community, a reasonable suggestion for settlement. And, thirdly, they will give to the public in concise form and simple language the real facts of the case and the grounds for the settlement advocated, and thus they will enable public opinion to act with full knowledge, and therefore effectively. Everyone who has had any experience in trade disputes knows that half the difficulty consists in bringing the parties together, and, when they are met, in removing the feeling of hostility and suspicion which is so fatal a bar to a settlement. Employers and employed alike are powerfully affected by the existence of a clearly expressed public opinion. But the questions at issue are often so entangled in obscurities and contradictions that there needs to be a distinct lead given by persons on whose judgment the community is likely to rely.

The advance on the present procedure of the Board of Trade which is involved in our proposals has perhaps been already sufficiently indicated. But the several points may be recapitulated in order to prevent misunderstanding.

First and most important, we propose that the Boards to be appointed shall be distinctly instructed to make definite recommendations, in a public Report, for the settlement of the disputes (and not merely in private conversation with the parties concerned). No such power is explicitly given by the present statute governing the procedure of the Board of Trade. By the Act of 1896 the Board of Trade (unless *both* parties apply for an arbitrator) can only "appoint a person or persons to act as conciliator or as a Board of Conciliation," and that on

the application of one of the parties. In default of such application, all it can do is to "inquire into the causes and circumstances of the difference" [Section 2 (1) (*a*)], "and take such steps as . . . may seem expedient for the purpose of enabling the parties . . . to meet together . . . with a view to . . . settlement" [Section 2 (1) (*b*)]. By another section [Section 4] it is given power to appoint a person or persons "to inquire into the conditions of the district or trade and to confer with the employers and employed . . . as to the expediency of establishing a Conciliation Board for the district or trade."

In two cases still very fresh in the public memory the Government has gone to the edge of its powers under the Act. In the case of the strike of Transport Workers on the Thames in May, 1912, Sir Edward Clarke was appointed merely "to inquire into and report upon the facts and circumstances of the disputes." His report confined itself to an expression of the opinion that "much of the difficulty" had arisen from the breach or neglect of the provision in certain agreements for an appeal to the Board of Trade; and all that he ventured upon by way of a recommendation was the cautious remark: "That clause is still in force, and I see no reason why the method prescribed should not now be used." In the case of the Dublin strike in October, 1913, the Court of Inquiry was appointed "to inquire into the facts and the circumstances of the dispute . . . and to take such steps as may seem desirable, with a view to arriving at a settlement." In its Report it confined itself to criticizing on grounds of expediency the recent policy of both the parties, and argued that this policy should be modified. Even this, however, it did not put in the form of an explicit recommendation. For the rest it contented itself (apparently under Section 4 of the Act) with suggesting a scheme for the creation of Conciliation Committees, and refrained from entering into any one of the alleged grievances. It is not impossible that if a more substantial inquiry could have been made into the real difficulties of the situation, and if the Court, instead of throwing upon machinery still to be created

the onus of their solution, had felt itself authorized to make actual recommendations for that purpose, the outcome would have been decidedly more satisfactory.

Secondly, we propose to give to the parties concerned the right to nominate their own representatives on the Board, and to these representatives to nominate their chairman. The Chief Industrial Commissioner would, of course, have the right to decline to appoint nominees whom he deemed obviously unsuitable, and to call for a second or even a third nomination. In case no suitable nomination were made, he should have the right to nominate, as at present, from an appropriate panel. It is worth while considering, however, whether the Employer and Labour Panels, for purposes of conciliation and arbitration, might not advantageously be nominated by the Association of Chambers of Commerce and the great Employers' Federations on the one side, and by the Trade Union Congress and the Federation of Trade Unions on the other.

Subject to these necessary restrictions, we would follow the Canadian precedent and leave the choice of the members of the Board to "the parties to the dispute." In Canada the workmen's representative has been in practice one of the officials of the Trade Union affected. In the Erdman Act in the United States, nomination by Trade Union is expressly ordered, with a special provision for cases where more than one Union is involved, or "where the majority of employees are not members of any labour organization." The Erdman Act, which deals exclusively with railways, has been remarkably successful. For reasons into which we need not here enter, it does not furnish us with any useful suggestion on the policy, as a whole, which we are here recommending; but on this particular point its example is significant and encouraging. We are of opinion that, in the stage now reached by labour organization in this country, the path to peace will usually be found through using to the fullest extent the influence of such working-men's Unions as really represent the bulk of the employees in a given trade.

Thirdly, we recommend that much more trouble should be taken to give rapid and wide publicity to the recommendations than has hitherto been the practice with documents of this nature. They should be printed immediately, and copies at once despatched, in adequate numbers, not only to the contending parties and each of their officers and committee men, and to every journal of any importance, but to every single association of employers and work-people, and to every public reading-room in the kingdom.

No doubt it will be objected that our proposals do not go far enough. It will be urged that the State has an absolute right not only to intervene in, but to compel the settlement of some trade disputes; and the above scheme will be criticized on the ground that it leaves off at this essential point. It may be answered that the ultimate duty of the State, as guardian of public order and custodian of the national welfare, is untouched by our proposals. In the future, as in the past, a Government can take whatever steps are expedient and legal to secure the public interest when services are interrupted which are of vital concern to the nation; and undoubtedly, under these circumstances, its action will be supported by public sentiment. In some cases, for instance, it may even be justifiable and feasible for the State itself to undertake the services in question. But most disputes are not of this exceedingly perilous character; and it would be quite impracticable for the State to force a settlement in every case upon unwilling parties. Nor are the difficulties greatly lessened if compulsion is confined to "public utility" concerns, a class, as we have already remarked, which it is difficult to define. We place great reliance on the effect of public opinion, provided that public opinion is properly instructed. In the past it has had to rely on the coloured statements of partisans, and it has been bewildered by the conflict of testimony. When an impartial tribunal has fairly stated the facts and conclusions, public opinion can, in the vast majority of cases, be trusted to do the rest.

At any rate, we are not prepared at present to go further than this. Up to this point we have no doubt that the scheme will enjoy a large volume of support both from masters and from men; and under these circumstances it will have the tremendous initial advantage of a fair trial. Beyond this point the general sense of the community is not at present prepared to move. Whether compulsion is or is not a possibility of the future when the grouping of industrial forces, and the mechanism of production and transportation have further developed, it is impossible at present to say. The plan outlined above will be a real step towards a more reasonable attitude in trade differences inasmuch as it proclaims, as never before, the right and the duty of the State in relation to industrial warfare, and it does not close the road to further measures of a more mandatory nature if they should ever seem to be both necessary and practicable, and to be likely to obtain the required amount of public support.

2. A Minimum Wage.

So much for the duty of the State in trade disputes. We come to the second and third points mentioned on p. 5 which are concerned with the duty of the State to intervene for the purpose of helping its weaker members, and for raising the standard of wages to subsistence level.

By a minimum wage we understand a wage fixed, as minimum remuneration for a particular period or piece of service, by some authority, whether voluntarily constituted or created by the State, after due consideration by Boards on which employers and employed are equally represented. This description is intended to cover a wide range of possibilities: from the case where a voluntary Board or Conference composed exclusively of representatives of employers and employed is itself able to reach a decision, without outside assistance; through the intermediate cases where the decision, though in form that of a voluntary Board, is, in fact, that of an independent chairman or umpire, deriving his authority from the agreement constituting the Board; to the cases where

the Board is a statutory one, with several independent "Appointed Members," so as to make possible a substantial majority in favour of a proposed decision; and the case where the Board, being still a statutory one, and yet representing only the two sides under an independent chairman, the chairman has the statutory duty cast upon him of making a decision, in default of agreement. In every such case, however, the fixing of the wage must be preceded by joint consideration, in a formal Board or Conference, of the contentions of the two sides.

The establishment of a minimum wage, thus defined, means the withdrawal from employers, for a determined period, of the right to buy their labour in what may be at the moment the cheapest market, since they are compelled, if they employ labour at all, to pay it *at least* a certain predetermined amount. We look forward, it need hardly be said, not to anything of the nature of a uniform rate imposed on all labour by Parliament or any other authority. Such a uniform rate would be most unwise, and if it were wise in itself the House of Commons is incompetent to fix it, and would be demoralized by the attempt. What we look forward to is the gradual extension from industry to industry of the recognition of the principle that minimum rates should be fixed for different kinds of service, and the determination of these minima in each industry by the machinery most effective for the purpose. The means of approach to the ultimate goal must, accordingly, be sought for along more than one line of approach.

(*a*) *Existing Voluntary Agreements.*

Before detailing the extent to which voluntary wage agreements already exist in the strongly organized trades, it will be advisable to point out that it is not with these that our proposals are concerned in the first instance. In normal times these agreements in the trades mentioned work well; the only action which we contemplate when they break down is that proposed on p. 21—namely, the Board of Enquiry in cases of strikes. It is with the

weakly organized trades where no effective wage agreements can be brought into existence that the following proposals are chiefly concerned; but that would not preclude any body asking for recognition if it were of opinion that such a proposal would be to its advantage.

Few people realize the extent to which the minimum wage, as above defined, already prevails. The Trade Boards Act, 1909, and the Coal Mines (Minimum Wage) Act, 1912, are examples of its provision by statute; the Conciliation Boards which regulate the remuneration on railways are an example of its provision by Government action without recourse to statute. In the latter instance it may be remembered that the Government prevailed upon the parties concerned to agree to the establishment of Boards by—among other things—permitting the Board of Trade to undertake the supervision of the election of the men's representatives; and that it obtained the acquiescence of the Companies subsequently to a modification of the arrangement by giving them an assurance of legislation on railway charges. The creation of these Railway Boards, although they are in form voluntary Boards, is due to intervention on the part of the State of a very special character, and the Boards in consequence occupy an intermediate position between voluntary and statutory organizations.

It is, however, not generally known that the minimum wage prevails to a far larger extent by completely voluntary agreement, independent of statutory or executive support. The Report on Collective Agreements between Employers and Work-people (Cd. 5366 of 1910) estimates the numbers covered by Collective Agreements as 2,400,000. These figures include some 700,000 miners who are now also subject (as mentioned above) to statutory Boards, as far as individual daily minima are concerned; as well as some 120,000 railway servants. But as the Report goes on to state, there are a large number of other work-people whose wages, hours of labour, and other industrial conditions follow and are in effect governed by the collective agreements enforced in the

trades concerned. It may probably be safely estimated that the wages of some 2,000,000 workers are now controlled, directly or indirectly, by voluntary Boards (reckoning herein the Railway Boards), and that well over another million are subject to statutory Boards (adding, that is, to the miners the 200,000 persons under the Trade Boards Act, even before its recent extension). It will thus be seen that the minimum wage (*i.e.*, agreed or arbitrated wage) has arrived of itself by ordinary process of evolution; it is not a creature of Parliament, but a spontaneous product of our industrial conditions and national temperament. It is, therefore, clearly on these lines that the solution of wage difficulties is to be sought.

Voluntary agreements have on the whole been well kept; and in spite of recent events, we are hopeful that the area covered by such agreements will extend and that they will obtain even more than their present large measure of support from those whom they concern. Disputes, however, sometimes arise as to the interpretation of agreements, as well as (though this is usually an interpretation question also) whether a breach of agreement has actually taken place. It is, therefore, very desirable that when agreements are made or renewed, provision should be inserted for the determination of such questions. The Board of Trade might properly call the attention of those concerned to the absence of such provision; but this is a matter with which legislation is not competent to deal, unless the parties chose to accept the statutory sanction of the agreement to which we shall refer in the next paragraph.

Perhaps more grave is the absence in some of the Boards or Conferences of any independent chairman or umpire with casting vote. Here also the good offices of the Board of Trade may well be employed to obtain the consent of both parties to the appointment of such an umpire, so as to secure finality in their deliberations. But again there is no scope for legislation in the absence of statutory sanction of the agreement; and should a

strong feeling make itself apparent on either side that such a final decision is incompatible with the right to "appeal ultimately to the arbitrament of the strike or lock-out," the Board of Trade will naturally abstain from any further suggestions in this direction. Similarly both parties must be left free to terminate agreements when the agreed period has elapsed, and to fall back on the weapons of industrial warfare; and all that can be done under the same conditions is for the Board of Trade to suggest—when there is no strong feeling to the contrary —the insertion of a clause providing for adequate notice, so that there may be some opportunity for negotiation before the agreement lapses.

The State, on granting legal recognition, would justly impose certain conditions, already indicated in the preceding paragraph and explicitly set forth below. But if the Unions and Associations concerned saw no practical advantage in securing legal recognition, they would remain as free as before as to the terms of their voluntary agreements.

(b) Legislation.

We propose that Legislation should be passed giving the force of law to wage agreements voluntarily entered into by bodies effectively representing employers and employed. Penalties would be imposed on employers who paid less than the standard, and these penalties would be enforced not by the workmen aggrieved, but by Government Factory Inspectors. In any legal proceedings to enforce penalties, the balance of wages due but unpaid would be recoverable. The recognized standard would become an implied term in every contract of employment. Careful provision must be made for reasonable efficiency and regularity on the worker's part and lower rates provided for young, old and infirm workers.

It will be necessary before granting legal recognition to be reasonably sure that the agreement represents the real desires of a substantial majority of each of the parties. We recommend that before the necessary joint application

is made, a majority in support thereof should be ascertained by ballot, which shall be sufficient to render probable a substantial and continuous preponderance of approval (of course only during the currency of the agreement), as well as to enlist public sympathy and so bring outside public opinion to bear upon the dissentients. How large that majority should be is a question for consideration. A bare majority of each side would probably be insufficient for the purpose; a two-thirds majority would seem a fair arrangement and probably an effective one. The calculation should be based, on the one side on the number of work-people ordinarily employed, and on the other side on the ordinary output; and the Chief Industrial Commissioner should be entrusted with the supervision of the ballot and the acceptance of the results. In order that the agreement should represent not a hastily patched up peace, but a settled intention, we propose that no agreement secured by the intervention of the Chief Industrial Commissioner after a strike should be legally recognized until it had been in operation at least three months.

In return for recognition it would be proper for the State to insist that provision should be made in every agreement:

1. That due notice during the currency of the agreement should be given by either party of proposed changes in terms of employment under the agreement.
2. That due notice should be given by either party of an intention to terminate the agreement.
3. That work should not be suspended by strike or lock-out, until disputes had been presented to a joint tribunal.
4. That means should be arranged to decide questions of interpretation.
5. That the joint tribunal should be so constituted as to reach finality by a majority vote.

It may be urged that disputes may arise involving questions of principle on which the parties may be unwilling to surrender their right of strike or lock-out.

But it must be pointed out that agreements under the proposed measure will be made only for definite periods, seldom more than three years and often not so long; and that at the termination of the agreements the parties will be free to use all the means at present at their disposal to secure such changes as they may desire.

It must not be supposed that such a measure as we propose will of itself prevent strikes. Unfortunately, experience shows that men will sometimes strike against wage agreements even whilst they are running. It has, therefore, to be considered what the attitude of the State should be in such an event. We suggest that if any considerable proportion choose to go on strike, during the currency of a wage agreement, it should be the duty of the Chief Industrial Commissioner immediately to withdraw the recognition of the minimum wage and to do so in the most public manner possible, and that no further recognition should be given within a substantial period of the breach of the agreement. We would suggest that if it be agreed that two-thirds is a sufficient proportion to secure recognition, that recognition should not be withdrawn as long as two-thirds of the workers abided by its terms.

(*c*) *Extension of Trade Boards Act.*

This Act has recently been applied to certain trades not in the original schedule, and we recommend its still further cautious extension. In the first instance it should be applied to small and localized industries where it is possible to create and focus public opinion, and where the conditions facilitate inspection; and where, also, organization is either non-existent or likely, for an indefinite time, to be ineffective unless reinforced by public authority. In all cases, moreover, the danger of foreign competition must be borne in mind.

It is along these three lines—voluntary agreement, agreements extended by recognition, and Trade Boards for sweated industries—that the movement towards the minimum wage will be best directed. The minimum wage, made universal by the converging operation of the

several instrumentalities thus outlined, would conduce enormously to the well-being of the working population. It would involve not only an increase in actual remuneration, but also—what is of even greater importance as the basis of a well-ordered family life—greater regularity in working-class incomes. We anticipate that it would conduce also to the greater productivity of labour, by making the work-people more efficient, bodily and mentally, by stimulating invention, and by promoting a general improvement in industrial organization. We do not anticipate that the general adoption of the principle will impede manufacturing enterprise; it will only place it on a higher plane, and diminish the social evils which at present attend it.

(*d*) *Administrative Action.*

Our main object, it will be seen, is to facilitate the determination of wages and the other conditions of labour by conference, and, if possible, agreement, between the parties immediately concerned, with the assistance, where requisite, of the Executive Government of the country, and the support of an instructed public opinion. To leave free scope for the working of the method of negotiation, we have thought it expedient, after careful consideration, not to press proposals of a more coercive character. For instance, in the matter of Government contracts, we believe that the language of the Fair Wages Resolution of 1909 sufficiently corresponds in its general intention with the principle on which we are proceeding. It insists on the payment of rates of wages and the observance of hours of labour, "not less favourable than those commonly recognized by employers and trade societies (or, in the absence of such recognized wages and hours, those which in practice prevail amongst good employers)." This naturally includes wages under the Trade Boards Acts. But in the cases, probably not very numerous, to which this language cannot be made to apply, and in which it seems unlikely that conditions for an indefinite period will be improved by organization, we think it

highly desirable that the departments involved should themselves fix the wages which contractors shall pay. This has already been done in some few cases, we understand, by the Post Office and by the War Office. Now that an Interdepartmental Advisory Committee, presided over by a representative of the Board of Trade, has been constituted for the purpose of dealing with the matter, it is only necessary that the departments should proceed persistently, if cautiously, along the path on which they have already entered. But an even closer co-operation with the Labour Department would be advantageous, especially when the statistical work of that department has been re-organized as we shall propose later, including the branch which shall collect evidence as to cost of living. And it would be well that the whole subject should be periodically reported upon, say once in every two years.

3. Decasualization of Labour.

But while the general observance of minimum rates of wages is, in our opinion, most desirable in the interest of the nation, we do not imagine for a moment that it will remedy all the defects of our industrial system. Many of these defects flow from a maladjustment of the labour force to the work required of it. This maladjustment is far greater than is involved in the fluctuations of demand, and it is quite capable of being largely diminished by sensible organization.

The experience of Liverpool shows that State and Municipal action can do a great deal to secure regularity of employment in casual trades. At present there are schemes in operation at the Liverpool, Goole, and Sunderland docks, among the Manchester cloth-porters, and the South Wales ship-repairers; all having a common object, all providing for the engagement of casual labour through the Labour Exchanges. In the Liverpool scheme matters have gone so far by agreement between the employers and the Dockers' Union, and with the co-operation of the Board of Trade, that the dockers are paid in lump sums at the Labour Exchange all they may have individually

earned from a number of employers during the week while the employers are charged *pro rata* for their sickness insurance.

The purpose of such schemes is, on the one hand, to prevent the flooding of employments like dock labour with a greater amount of labour than can properly be employed, and, on the other hand, to ensure that the available labour is properly distributed. The result will, it is hoped, be the employment of a more regular force at higher wages and under better conditions. We recommend that this process of decasualization should be helped forward by giving the Board of Trade the right to declare certain trades in certain localities to be casual trades, and to compel all engagements in them to be made through Labour Exchanges.

It has been realized of late that the ranks of casual labour are largely recruited from "blind alley" employments. The Post Office, which long pursued the demoralizing practice of employing a much larger number of boy messengers than it could provide work for as adults, without making any attempt to fit them for other desirable occupations, has recently set its house in order by linking up more definitely the juvenile and adult branches of the postal service, and by introducing a scheme of compulsory continuation schooling. We suggest that the Board of Trade should call upon the Railway Companies to furnish periodical statements as to the number of van-boys employed, their chance of absorption into the adult branches of railway service, and the arrangements, if any, made for their industrial training. We are of opinion that the mere requirement of such a return would exercise a salutary influence.

4. Organization of Labour Departments.

We have already recommended that all the labour functions of the Board of Trade should be concentrated under the Labour Department of the Board of Trade, as organized under the charge of the Chief Industrial Commissioner.

The balance of argument would seem to be in favour of retaining the present association of the Labour Department with the Board of Trade. But we concur in the general opinion that it is unfortunate when the action of the Board of Trade in labour matters can be attributed, with any show of reason, to the political interests of the party to which the temporary Parliamentary President of the Board happens to belong. We recognize, of course, that in grave social emergencies it is the duty of the Executive Government to take such action as may seem likely to restore industrial peace. And we also agree that information as to the proceedings of the Labour Department must be always obtainable by Parliament through one of the ministries. But we desire that the appointment of members of a Court established in accordance with Section 1 should be definitely confined by statute to the Chief Industrial Commissioner, who will thus be rendered immune from political pressure in his most important function.

5. Factory Inspection.

The time has come when an inquiry should be held by a small Royal Commission into the work of the factory inspectorate with a view—(1) to the increase of their number, which has long been overdue; and (2) to the provision of more adequate methods of communication and co-operation between the Government Departments and the business community, so as to diminish friction and hostility on the part of the employers.

Competent inquirers into the factory law of Germany, as compared with that of England, have recently reported that the German system is characterized by greater elasticity; that while it lays down the objects to be aimed at, it allows more discretion to the administration to adopt the means to particular circumstances, and that it is, therefore, in fact, less harassing to employers. Conditions in Germany and England are, of course, different, but it is certainly desirable that an impartial inquiry should be made into the alleged superiority of

German practice in this regard. More factory and workshop regulation will probably be found necessary in future; but this should clearly be enforced as considerately as possible, and with the least possible expense and trouble to employers.

6. Improvement of Statistical Information.

We recommend, first, that a settled policy should be adopted by the Labour Department as to the preparation of statistics of the cost of living.

The Board of Trade published for the first time in 1913 a "Report on Changes in the Cost of Living of the Working Classes." This instituted a comparison between 1912 and the year 1905, for which it happened to to have first brought together comparable data. We are strongly of opinion that instead of scattering the staff assigned to the task, and having to reconstitute it anew in some future year, when public interest in the subject demanded a fresh report, a permanent section of the Labour Department should be employed in the continuous collection of data, and the preparation of an annual report.

Secondly, we are of opinion that the Labour Department should give guidance to the general public by collecting and publishing the conclusions of contemporary physiological science on the dietetic requirements for healthy activity, and the dietetic values of the foods commonly used by the working classes. This would be best done by a small departmental committee, consisting of a due admixture of physiological experts. It is not generally realized that the only estimates of the necessary quantities of the several food constituents that have hitherto been available as standards by which to judge of the adequacy of remuneration are those of one American investigator, Professor Atwater. These are, doubtless, of considerable authority; but much would be gained by the preparation of standards based on a wider consensus of scientific opinion, and with special regard to English conditions.

We recommend, thirdly, that an inquiry should be held into the whole range of the present statistical work of the Labour Department of the Board of Trade, with a view to its extension and improvement in directions which will make it more serviceable and accessible to employer and employed. We would call attention to the inquiry at Washington in 1907 into the statistical work of certain of the American Departments, and of the recommendations to which it led. The opportunity might well be taken to consider the relation, or want of relation, between the statistical returns of the various branches of the Board of Trade and of other Government offices, such as the Home Office and the Local Government Board. For a reasonable co-ordination of the statistics of the Labour Department with those of other branches of Government service, something in the nature of a standing Inter-Departmental Statistical Committee will doubtless be necessary.

CONCLUSION

In conclusion, it may be as well to restate the main outline of the scheme put forward by the Committee. Our contention is that we are following along a line of development based on the historic traditions of the Tory Party in its dealings with the industrial problem in the past. As far as the tentative recognition of an agreed wage is concerned, we can base ourselves on the Statutes of Elizabeth, while in the proposals made to obtain industrial peace, we are merely pursuing the political ideas of the Governments of Lord Liverpool, Lord Beaconsfield, and Lord Salisbury.

In the matter of method the general idea of the Report has been to accept the existing organization of industry both in the sphere of the agreed wage and of industrial disputes, and to extend and to fortify the tendencies and processes which have already commended themselves to the genius of the nation. This has appeared a better

policy than any attempt to force a cast iron system of wage regulation or compulsory arbitration on an industrial community quite unprepared for such drastic measures. The scheme set out, then, does not march in advance of public opinion in these respects, but it contains in itself no bar to a further advance should public opinion itself take further strides towards a more severe regulation of our industrial system. It is, in fact, on existing public opinion in the broadest sense of the term—namely, the opinion of employers and employed and of the community as a whole, that we depend for the enforcement of the awards of impartial tribunals. These tribunals are so constituted as to be impervious to the pressure of political agitation, so that the great objection generally raised to the increased interference of the State with industry cannot be advanced against this Report. The function of the State as here conceived is to provide machinery for setting up Conciliation and Wages Boards where such Boards do not already exist, and to encourage those industries which already possess a rough system of Conciliation and Wages Agreements, to extend and make more effective a method which they already pursue. The instrument to be used for this purpose is that of the Recognition of Agreements, by which the party which breaks a recognized agreement loses the advantage of the certainty of an agreed wage sanctioned by the Chief Industrial Commissioner. For the rest, the reorganization of a Board of Trade never constituted originally, and certainly not now peculiarly fitted, to deal with the grave development of modern economic strife, must be carried out in order to supply a type of machinery adequate to the needs of the time. In the long run, the appeal of any such system of Conciliation and Arbitration as is suggested in these pages must depend on the support given by public opinion to the published and widely disseminated decisions of impartial and disinterested authorities. Strikes almost invariably fail when moral or financial support is withheld from the

strikers by the public, while demands which the community as a whole believe to be justified are not generally resisted to the bitter end.

We are at the present moment faced with doleful prophecies of what may happen in the world of industry in the ensuing autumn. The Committee has at least prepared a scheme in anticipation of such a threatened catastrophe as a general strike. It is, however, too late to begin devising the machinery of settlement when the trouble has already broken out. Nor is it much use to preach the doctrine of the solidarity of the interests of capital and labour as an integral part of a single national unity in the middle of a bitter industrial war. It is to be hoped, then, that this Report may help to draw the national mind towards this urgent problem, and so to force legislative action upon a Government too distracted by other issues to give any real or voluntary heed to our urgent social necessities.

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